

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2016

Docket No. ACR2016

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
QUESTION 1 OF CHAIRMAN'S INFORMATION REQUEST NO. 17

The United States Postal Service hereby provides its response to the above-listed question of Chairman's Information Request No. 17, issued on February 14, 2017. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 16, 2017

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
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1. In Docket No. ACR2015, Chairman's Information Request No. 16 concerned First-Class Mail Single-Piece Flats and First-Class Mail Presort Flats Cost Segment 3 and Cost Segment 6 unit attributable costs.¹ In its response, the Postal Service asserted that it viewed the measured cost difference, specifically in Cost Segment 3.1, as anomalous.² Additionally, the Postal Service indicated that it would investigate the potential causes of this cost difference. *Id.* Similarly, the Postal Service stated that the difference in Cost Segment 6 costs "is due in part to a higher fraction of First-Class Mail Presort Flats' RPW volume being delivered on city carrier routes, relative to Single[-]Piece Flats." *Id.* However, the Postal Service acknowledged that the "magnitude of the difference is unexpectedly large." It assured the Commission that it was investigating the source of the observed cost differences. *Id.*
 - a. Has the Postal Service identified the cause of the anomalous result for Cost Segment 3.1 in FY 2015?
 - i. If yes to part a., please describe the Postal Service's findings.
 - ii. If yes to part a., please confirm that the identified cause(s) of the anomalous result for Cost Segment 3.1 were remedied in its FY 2016 Annual Compliance Report (ACR) filing. If not confirmed, please explain.
 - iii. If no to part a., please explain.
 - b. Has the Postal Service identified the cause of the unexpected result for Cost Segment 6 in FY 2015?
 - i. If yes to part b., please describe the Postal Service's findings.
 - ii. If yes to part b., please confirm that the identified cause(s) of the anomalous result for Cost Segment 6 were remedied in its FY 2016 ACR filing. If not confirmed, please explain.
 - iii. If no to part b., please explain.

RESPONSE:

a-b) Yes, the Postal Service identified a coding error in IOCS data processing.

Confirmed that this has been remedied for both Cost Segment 3 and Cost Segment 6 in

¹ Docket No. ACR2015, Chairman's Information Request No. 16, February 22, 2016, question 4 (CHIR No. 16).

² Docket No. ACR2015, Responses of the United States Postal Service to Question 1-4 of Chairman's Information Request No. 16, February 29, 2016, question 4 (Responses to CHIR No. 16).

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the FY2016 ACR filing. The correction was noted in the Methodology section on page 1 of the Preface to USPS-FY16-37, In-Office Cost System (IOCS) Documentation.